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6
7 **UNITED STATES DISTRICT COURT**
8 **CENTRAL DISTRICT OF CALIFORNIA**

9 BILL MEREWHUADER,
CHRISTOPHER POLITE, and TIM
10 VIANE, Individually and on Behalf of All
Others Similarly Situated,

11 Plaintiffs,

12 v.

13 SAFEMOON LLC, SAFEMOON US,
14 LLC, SAFEMOON CONNECT, LLC,
SAFEMOON LTD, SAFEMOON
15 PROTOCOL LTD, SAFEMOON MEDIA
GROUP LTD, BRADEN JOHN
16 KARONY, JACK HAINES-DAVIES,
RYAN ARRIAGA, SHAUN WITRIOL,
17 HENRY "HANK" WYATT, JAKE
PAUL, NICK CARTER, DeANDRE
18 CORTEZ WAY, BEN PHILLIPS, and
MILES PARKS McCOLLUM,

19 Defendants.
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Case No.

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

CLASS ACTION COMPLAINT

Plaintiffs Bill Merewhuader, Christopher Polite, and Tim Viane (“Plaintiffs”), individually and on behalf of all others similarly situated, bring this Class Action Complaint (“Complaint”) against Defendants SafeMoon LLC, SafeMoon US, LLC, SafeMoon Connect, LLC, SafeMoon LTD, SafeMoon Protocol LTD, and SafeMoon Media Group LTD (collectively “SafeMoon” or the “Company”), Jake Paul, Nick Carter, DeAndre Cortez Way, Ben Phillips, and Miles Parks McCollum (the “Promoter Defendants”) and Individual Defendants Shaun Witriol, Ryan Arriaga, the Company’s Chief Operating Officer, Jack Haines-Davies, the Company’s Chief Technology Officer, Henry “Hank” Wyatt, and the Company’s Chief Executive Officer, Braden John Karony (together with the Promotor Defendants and SafeMoon, the “Defendants”). The following allegations are based upon personal knowledge as to Plaintiffs’ own facts, upon investigation by Plaintiffs’ counsel, and upon information and belief where facts are solely in possession of Defendants.

NATURE OF THE CASE

1. Plaintiffs bring this action on behalf of all investors who purchased SafeMoon tokens (“SAFEMOON Tokens”) between March 8, 2021 and the time of filing this Complaint, and were damaged thereby.

2. This case arises from a scheme among various individuals in the cryptocurrency sector to misleadingly promote and sell the digital asset associated with SafeMoon (the SAFEMOON Tokens) to unsuspecting investors. The Company’s executives, collaborating with several celebrity promoters, (a) made false or misleading statements to investors about SafeMoon through social media advertisements and other promotional activities, and (b) disguised their control over SafeMoon and a significant percent of the SAFEMOON Tokens that were available for public trading during the Class Period (the “Float”).

3. In furtherance of this scheme, Defendants touted the technological innovation of the Company’s token and related cryptocurrency wallet, as well as the ability for investors to make significant returns due to the favorable “tokenomics”

of the SAFEMOON Tokens. In truth, Defendants marketed the SAFEMOON Tokens to investors so that they could sell their portion of the Float for a profit.

4. Defendants' strategy was a success. The misleading promotions and celebrity endorsements were able to artificially increase the interest in and price of the SAFEMOON Tokens during the Class Period, causing investors to purchase these losing investments at inflated prices. Meanwhile, the Company's executives, Karony and Haines-Davies, conspired with the Promoter Defendants to sell their SAFEMOON Tokens to investors for a profit.

5. Plaintiffs bring this class action on behalf of themselves and an objectively identifiable class consisting of all investors who purchased SafeMoon's SAFEMOON Tokens between March 8, 2021 and the time of filing this Complaint.

PARTIES

Plaintiffs

6. Plaintiff Bill Merewhuader is a resident and citizen of California, living in Lancaster, California. Plaintiff Merewhuader purchased SAFEMOON Tokens and suffered investment losses as a result of Defendants' conduct.

7. Plaintiff Christopher Polite is a resident and citizen of California, living in Long Beach, California. Plaintiff Polite purchased SAFEMOON Tokens and suffered investment losses as a result of Defendants' conduct.

8. Plaintiff Tim Viane is a resident and citizen of Illinois, living in Des Plaines, Illinois. Plaintiff Viane purchased SAFEMOON Tokens and suffered investment losses as a result of Defendants' conduct.

Defendants

9. Defendant SafeMoon LLC is a privately held company with its headquarters located at 364 N 500 E, Provo, UT 84606.

10. Defendant SafeMoon US, LLC is a privately held company with its headquarters located at 1022 W 2200 N. Pleasant Grove, UT 84062.

11. Defendant SafeMoon Connect, LLC is a privately held company with its headquarters located at 1022 W 2200 N. Pleasant Grove, UT 84062.

12. Defendant SafeMoon LTD is a privately held company that was incorporated on April 8, 2021, with its headquarters located at 20-22, Wenlock Road, London, England, N1 7GU.¹

13. Defendant SafeMoon Protocol LTD is a privately held company, that was incorporated on April 8, 2021 with its headquarters located at 20-22, Wenlock Road, London, England, N1 7GU.

14. Defendant SafeMoon Media Group LTD is a privately held company, that was incorporated on June 28, 2021, with its headquarters located at The Terrace 5th Floor, 76 Wardour Street, London, United Kingdom, W1F 0UR.

15. Defendant Braden John Karony (“Karony”) is a resident and citizen of Utah, living in Provo, Utah. Karony is the founder/creator of SafeMoon and serves as the Company’s CEO, and he exercised control over SafeMoon and directed and/or authorized, directly or indirectly, the sale and/or solicitations of SAFEMOON Tokens to the public.

¹ The only listed director and shareholder for the SafeMoon entities in the United Kingdom is an Italian national, Castiliano Foini. Publicly available information about Foini and the UK entities is limited. However, a search of the UK’s government’s company information website indicates that a now-dissolved privately held company, Target Company Development Ltd (Company # 12420163), was located at the same address as the SafeMoon UK entities. Notably, that company’s only director and shareholder was Braden John Karony’s mother, Jennifer Diane Karony (“Mrs. Karony”). Similarly, according to bankruptcy filings submitted by Mrs. Karony and her husband (Karony’s father, Bradford J. Karony) in 2013, the Karony family home is listed as 364 N. 500 East Provo, UT 84606. *See* Summary of Schedules – Amended, Schedule C – Property Claimed, Karony, 13-13777-BFK (E.D. Va. Oct. 8, 2012). This is the same address for the SafeMoon LLC entity. Upon information and belief, Karony, with the aid of his parents, set up the Company’s corporate structure in a purposefully complex manner to hide the ownership interests in the various SafeMoon entities in the U.S. and UK.

1 16. Defendant Jack Haines-Davies (“Haines-Davies”) is a resident and
2 citizen of the United Kingdom, living in London, England. Haines-Davies serves as
3 the Company’s Chief Operating Officer (“COO”).

4 17. Defendant Ryan Arriaga (“Arriaga”) is a resident and citizen of
5 California, living in Elk Grove, California. Arriaga has served as the Company
6 Global Head of Products since July 2021.

7 18. Defendant Shaun Witriol (“Witriol”) is a resident and citizen of
8 California, living in San Diego, California. Witriol served as a representative for the
9 Company.

10 19. Defendant Henry (“Hank”) Wyatt (“Wyatt”) is a resident and citizen of
11 Pennsylvania, living in Shippensburg, Pennsylvania. Wyatt served as the
12 Company’s Chief Technology Officer and Vice President of Research and
13 Development.

14 20. Defendants Karony, Haines-Davies, Arriaga, and Witriol, and Wyatt
15 are collectively referred to as the “Executive Defendants.”

16 21. Defendant Jake Paul (“Paul”) is a resident and citizen of California,
17 living in Calabasas, California. Paul acted as a promotor for the Company and the
18 SAFEMOON Tokens.

19 22. Defendant Nick Carter (“Carter”) is a resident and citizen of Nevada,
20 living in Las Vegas, Nevada. Carter acted as a promotor for the Company and the
21 SAFEMOON Tokens.

22 23. Defendant DeAndre “Souja Boy” Cortez Way (“Way”) is a resident and
23 citizen of California, living in Bell Canyon, California. Way acted as a promotor for
24 SafeMoon and the SAFEMOON Tokens.

25 24. Defendant Ben Phillips (“Phillips”) is a resident and citizen of the
26 United Kingdom, living in Wales, United Kingdom. Phillips acted as a promotor
27 for the Company and the SAFEMOON Tokens.

28

25. Defendant Miles “Lil Yachty” Parks McCollum (“McCollum”) is a resident and citizen of Georgia, living in Smyrna, Georgia. McCollum acted as a promotor for the Company and the SAFEMOON Tokens.

26. Defendants Paul, Carter, Way, Phillips, and McCollum are collectively referred to as the “Promotor Defendants.”

JURISDICTION AND VENUE

27. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §1332 because: (1) there are 100 or more (named or unnamed) class members; (2) there is an aggregate amount in controversy exceeding \$5,000,000, exclusive of interest or costs; and (3) there is minimal diversity because at least one Plaintiff and Defendant are citizens of different states. This Court has supplemental jurisdiction over the state law claims pursuant to 28 U.S.C. §1367.

28. This Court may exercise jurisdiction over Defendants because they have continuous and systematic contacts with this District, do substantial business in this State and within this District, and engage in unlawful practices in this District as described in this Complaint, so as to subject themselves to personal jurisdiction in this District, thus rendering the exercise of jurisdiction by this Court proper and necessary.

29. Venue is proper in this judicial District pursuant to 28 U.S.C. §1391(b) because certain Defendants live and/or conduct business in this District, therefore, a substantial part of the events or omissions giving rise to the claims alleged herein occurred in this District.

FACTUAL ALLEGATIONS

SafeMoon Background

30. The SAFEMOON Token is a speculative digital token created in March 2021 by a group of cryptocurrency developers and investors, including, but not limited to, the Executive Defendants. In particular, the SAFEMOON Tokens are blockchain-based digital assets known as “BEP-20 tokens” that are created using the

1 Binance Smart Chain mainnet blockchain. After a BEP-20 token is created, it can
2 be traded, spent, or otherwise transacted with.

3 31. The name “SafeMoon” is derived from the phrase, “Safely To The
4 Moon,” which suggests that the token is meant not to rise only but to rise safely.²

5 32. The Company was created by a team of six people: Karony, Haines-
6 Davies, Wyatt, Thomas Smith, Trevor Church, and Jacob Smith.³

7 33. In the early days of the Company’s formation in March 2021, Karony
8 held a meeting with Witriol wherein Witriol indicated his interest in being a part the
9 SafeMoon project. According to Witriol, at the end of the meeting, Karony
10 welcomed him onto the SafeMoon team, saying “You’re in.”⁴

11 34. Witriol also publicly stated that he has been a part of SafeMoon since
12 “day one or day two.”⁵ According to Karony, “There’s individuals who took the risk
13 early on and acquired SAFEMOON Tokens and now they are reaping their benefit .
14 . . it’s kinda like with Apple in the early days.”⁶

15 35. On March 8, 2021, the Executive Defendants launched the
16 SAFEMOON Tokens with a transaction volume of \$149,427 and a price of
17 \$0.0000000004, according to data from CoinMarketCap.

18
19 ² Benjamin Godfrey, *What is SafeMoon and can the crypto newcomer reach*
20 *the moon?*, FORKAST (Nov. 26, 2021), [https://forkast.news/what-is-safemoon-](https://forkast.news/what-is-safemoon-crypto-can-it-reach-the-moon/)
21 [crypto-can-it-reach-the-moon/](https://forkast.news/what-is-safemoon-crypto-can-it-reach-the-moon/).

22 ³ *Altcoin Overview: What is SafeMoon? And is it Actually a Safe Investment?*,
23 MINTDICE (Nov. 11, 2021), [https://mintdice.medium.com/altcoin-overview-what-](https://mintdice.medium.com/altcoin-overview-what-is-safemoon-and-is-it-actually-a-safe-investment-a8e23ea27b2c)
24 [is-safemoon-and-is-it-actually-a-safe-investment-a8e23ea27b2c](https://mintdice.medium.com/altcoin-overview-what-is-safemoon-and-is-it-actually-a-safe-investment-a8e23ea27b2c).

25 ⁴ Witriol, *SafeMoon LIVE: Shaun Witriol ON BLOCKCHAIN, FUTURE,*
26 *PRICE, AND MORE!*, YouTube (June 5, 2021),
27 <https://www.youtube.com/watch?v=HBiY2SIQCqw>.

28 ⁵ *Id.*

⁶ *FBI ties and Ponzi games – here’s what SafeMoon doesn’t want you to know*,
29 PROTOS (May 19, 2021), [https://protos.com/safemoon-fbi-ties-ponzi-games-crypto-](https://protos.com/safemoon-fbi-ties-ponzi-games-crypto-protocol-dave-portnoy-shill/)
30 [protocol-dave-portnoy-shill/](https://protos.com/safemoon-fbi-ties-ponzi-games-crypto-protocol-dave-portnoy-shill/).

1 36. “SafeMoon deployed with 1 quadrillion tokens (15 zeroes) and
2 perpetually burns supply, alluding to rising scarcity. . . . [As of May 19, 2021],
3 there’s roughly 584 trillion SAFE in circulation (after 223 trillion went to “devs”),
4 which means it’s currently burning 2.9 trillion [SAFEMOON Tokens] per day on
5 average.”⁷

6 37. SAFEMOON Tokens were first made available to investors on a
7 decentralyzed cryptocurrency exchange, PancakeSwap.

8 38. At the time of launch, and throughout the Class Period, the
9 SAFEMOON Tokens were sold pursuant to a three-page “whitepaper” titled,
10 “SafeMoon: A Deflationary Reflection Token with Automated Liquidity
11 Acquisition.”⁸ Whitepapers in cryptocurrency are documents released by the
12 founders of the project that are supposed to give investors technical information
13 about its concept, and a roadmap for how it plans to grow and succeed, serving
14 essentially the same purpose.

15 39. The SafeMoon whitepaper described, among other things, how the
16 favorable “tokenomics” for SAFEMOON Tokens “may afford far superior benefits”
17 to investors.

18 40. First, the Company outlined its goal to “solve the problems of prior
19 cryptocurrencies including mining rewards, farming rewards, and liquidity
20 provisioning” by providing “an easy alternative to mining rewards” in the form of
21 “allowing users to participate in a smart contract token reflection to produce tokens
22 inside their own wallet.” Additionally, the Company pointed to the challenge of
23 “maintain[ing] liquidity on decentralized exchanges” and proposed “utilizing a
24 smart contract function to automatically capture liquidity to be used on the
25 decentralized exchanges and held in custody independent from user possession.”
26

27 ⁷ *Id.*

28 ⁸ <https://safemoon.net/whitepaper.pdf> (last visited Feb. 16, 2022).

1 a liquidity pool to encourage holders to “stake” tokens to acquire more
 2 — similar to a bond that matures, but with a volatile crypto. What
 3 SafeMoon claims to do differently is distribute what it calls “static
 4 rewards” to its now 2 million holders. Static rewards push to alleviate
 5 downward sell pressure from earlier adopters, who are inclined to dump
 6 their tokens once yield falls. SafeMoon’s static rewards are, more or
 7 less, a system that penalizes buyers for anything but holding their
 8 tokens. Anyone that sends SafeMoon to another wallet is “charged” a
 9 10% fee — half is burned and the rest given to other holders.¹⁰

10 43. On the Company’s website, there is a “buying guide” section that shows
 11 investors how to purchase the SAFEMOON Tokens in four steps. Notably, only
 12 steps 1 to 3 have actual instructions on the mechanics of acquiring SAFEMOON
 13 Tokens. Step 4 in its entirety states: “HODL! All that’s left now is to HODL and
 14 see your balance grow from reflections!”¹¹

15 **The Pump – Defendants Lure Investors in with Misleading Promotions**

16 44. The Executive Defendants actively recruited and retained the Promoter
 17 Defendants to serve as the promoters of the SAFEMOON Tokens in March 2021
 18 and beyond.

19 45. As observed in the article *FBI ties and Ponzi games – here’s what*
 20 *SafeMoon doesn’t want you to know*:

21 SafeMoon embodies meme token hype better than almost any crypto in
 22 history. In just two months, SafeMoon has engineered \$4 billion
 23 market value inflated by influencers like Jake Paul, [and] Soulja Boy. .
 24 . . But what SafeMoon resembles most is the **crypto-powered Ponzi**
 25
 26

27 ¹⁰ See fn.6, *supra*.





28 ¹¹ <https://safemoon.net/buy> (last visited Feb. 16, 2022).

1 51. This is why Haines-Davies was a vital part of Karony’s and Witroil’s
 2 plan for marketing the SAFEMOON Tokens. Prior to joining the Company, Haines-
 3 Davies managed a UK-based YouTube celebrity, Ben Phillips, from 2017 until
 4 March 2021 (*i.e.*, the month that the SAFEMOON Tokens launched). Upon
 5 information and belief, Haines-Davies leveraged the contacts and experience he
 6 gained from managing Phillips to recruit other celebrities to promote the
 7 SAFEMOON Tokens in exchange for a portion of the Float.

8 52. For example, on March 19, 2021, in a now-deleted post on his official
 9 Twitter account, Phillips feigned ignorance about SafeMoon (despite his manager
 10 Haines-Davies’ personal connection as SafeMoon’s COO) and asked his followers:
 11 “I keep seeing #SafeMoon everywhere anyone know about it? Is it gonna pop? Or
 12 . . . has it got Big #Doge energy.”¹⁶ Phillips did not disclose his connection to the
 13 Company but instead sought to convince investors that the “buzz” about SafeMoon
 14 was organically created as opposed to manufactured by Defendants themselves.

15 53. As the other Promoter Defendants were being recruited by Haines-
 16 Davies, the Company was making statements to investors about the “token burn” for
 17 SAFEMOON Tokens. In particular, on March 21, 2021, the Company released a
 18 statement via its official Twitter account, stating that 841,685,253,836 SAFEMOON
 19 Tokens “have been burnt in the last 24 hours alone. That’s over 800 billion tokens
 20 permanently removed from the circulating supply!”¹⁷

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 26 ¹⁶ See https://www.reddit.com/r/SafeMoon/comments/m8mjpk/safemoon_tweet_by_ben_phillips_benphillipsuk/ (last visited Feb. 16, 2022).

27 ¹⁷ @SafeMoon 2.0 , Twitter (Mar. 21, 2021), <https://t.co/pCeZQidEMi>:
 28 “Burn baby burn.   .

1 54. Then on March 22, 2021, the Company announced that “over 1.1
2 trillion tokens [were] permanently removed from the circulating supply” and that
3 this amount of tokens were “burnt in the last 24 hours alone.”¹⁸

4 55. By stressing the “burn” of the SAFEMOON Token supply in a short
5 period of time, Karony signaled to investors that the value of SAFEMOON Token
6 would increase as more SAFEMOON Tokens are burned.

7 56. Karony endorsed the Company’s announcement on his personal Twitter
8 account that same day.¹⁹

9 57. On March 25, 2021, on the SafeMoon official Reddit page, a previously
10 recorded live stream AMA with Phillips was posted. In that AMA, Phillips touts the
11 growth of the SafeMoon community and favorably compares the SAFEMOON
12 Tokens to other hot cryptocurrencies like Dogecoin.²⁰ At the end of the clip, Phillips
13 is “welcomed” to “the team” by Karony and the Company’s Chief Blockchain
14 Officer, Thomas Smith, and SafeMoon Community Manager, Trevor Church.²¹

15 58. That same day in a now deleted post²² on Twitter, Phillips promoted
16 the SAFEMOON Tokens to his millions of followers:

17 _____
18 ¹⁸ @SafeMoon 2.0 🚀, Twitter (Mar. 22, 2021), <https://t.co/tZ1kvS2Xdw>: “Not
19 sure if this is what they meant when they said #SAFEMOON was fire . . . #Burna
20 #DeFi #BSC.”

21 ¹⁹ Re-tweet of *id.* by Karony:
22 <https://twitter.com/safemoon/status/1374045413834072070?cxt=HHwWjICtzcPBy5EmAAAA>.

23 ²⁰ *A.M.A NEWS!! Ben Phillips has been added to the SAFEMOON team. So*
24 *much great news in this live stream. UPVOTE TO SHOW HIM SOME LOVE:*
25 *SafeMoon*, REDDIT (Mar. 25, 2021),
https://www.reddit.com/r/SafeMoon/comments/md6gew/ama_news_ben_phillips_has_been_added_to_the/.

26 ²¹ *Id.*

27 ²² This post was captured in the FBI Ties and Ponzi Games article. *See* fn.6,
28 *supra*.

I've said it before I'm not a FINANCIAL ADVISOR but I do
like moons and safe places #Safemoon 🗝️😊

— Ben Phillips (@BenPhillipsUK) March 25, 2021

59. On March 27, 2021, social media influencer and boxer, Paul, published the following post²³ promoting SAFEMOON to his 4.1 million Twitter followers:



60. That same day, Karony also republished the aforementioned Paul post on his personal Twitter account.²⁴

61. On March 29, 2021, musician, Miles “Lil Yachty” Parks McCollum, promoted SAFEMOON in a tweet that stated “#safemoonisthenewdogecoin.”²⁵ At the time, the referenced cryptocurrency token (Dogecoin) had a massive increase in the price of that token. McCollum compared SAFEMOON Tokens to this other hot

²³ Paul (@jakepaul), Twitter (Mar. 27, 2021), <https://t.co/r9DCQG0pmQ>: “Everyone needs #SAFEMOON or this will be you 📈.”

²⁴ *Id.*

²⁵ McCollum (@lilyachty), Twitter (Mar. 29, 2021), <https://twitter.com/lilyachty/status/1376669875918286848>: #safemoonisthenewdogecoin 🐶.”

1 cryptocurrency in order to mislead investors into believing that SAFEMOON would
2 similarly increase in price.

3 62. Notably, Paul publicly endorsed McCollum's statement about the
4 SAFEMOON Token's expected price increase by tweeting out "factssss" as a reply
5 to McCollum's SafeMoon promotion.²⁶ The SafeMoon twitter account also replied
6 positively to McCollum's post.²⁷

7 63. Likewise, Karony also promoted McCollum's post on his personal
8 Twitter account on March 29, 2021.²⁸

9 64. Two days later, on March 31, 2021, McCollum continued his
10 promotional activities for SafeMoon, repeating "#SAFEMOON" on this Twitter
11 account.²⁹ Once again, Karony endorsed McCollum's March 31, 2021 on his
12 personal Twitter account.³⁰

13 65. That same day, Karony offered "Congrats to the winners!
14 #SAFEMOON" in reply to a now-deleted Twitter post from Ben Phillips.³¹

15 66. Also on March 31, 2021, both the official SafeMoon Twitter account
16 and Karony's personal Twitter account promoted a post with a picture suggesting
17

18 ²⁶ Paul (@jakepaul), Twitter (Mar. 29, 2021),
19 <https://twitter.com/jakepaul/status/1376690168875339780>: "@lilyachty factssss."

20 ²⁷ @SafeMoon 2.0 🚀, Twitter (Mar. 29, 2021), <https://t.co/8SnqxKmu7>:
21 "@jakepaul @lilyachty."

22 ²⁸ Karony (@CptHodl), Twitter (Mar. 29, 2021),
23 [https://twitter.com/CptHodl/status/1376676389676519435?cxt=HHwWlsCwlb349](https://twitter.com/CptHodl/status/1376676389676519435?cxt=HHwWlsCwlb3495omAAAA)
24 5omAAAA: "Hey Hey!"

25 ²⁹ See, e.g., McCollum (@lilyachty), Twitter (Mar. 31, 2021),
26 <https://twitter.com/lilyachty/status/1377293537264418818>: "#SAFEMOON
27 #SAFEMOON #SAFEMOON."

28 ³⁰ *Id.*

³¹ Karony (@CptHodl), Twitter (Mar. 31, 2021),
<https://twitter.com/CptHodl/status/1377401899050098688>: "Congrats to the
winners! #SAFEMOON."

1 that SAFEMOON Tokens were going up in price with the caption indicating that
2 this rise was “IMMINENT.”³²

3 67. On April 2, 2021, McCollum again promoted SafeMoon to retail
4 investors, stating in a Twitter post: “I told y’all safe moon was going up lol.”³³

5 68. On April 3, 2021, SafeMoon announced on its Facebook page that it
6 had “got” several celebrity promoters to work with the Company, including Paul and
7 McCollum.³⁴

8 69. That same day, the Company announced that 396 trillion SAFEMOON
9 Tokens were “burnt” and “gone.”³⁵ Karony reposted the token announcement on his
10 personal Twitter account and noted in the caption that the supply of SAFEMOON
11 Tokens would receive “continual burns” and that the price of the SAFEMOON
12 Tokens was at an all-time high (“ATH”) and would be going to the “moon”
13 imminently.³⁶ In an apparent attempt to provide some type of disclaimer to these
14 statements, Karony, in closing, stated: “Not financial advice, you do you.”³⁷

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17 ³² See @SafeMoon 2.0 🚀, Twitter (Mar. 31, 2021), <https://t.co/iSYIX4vdCA>:
18 ““IMMINENT” #SAFEMOON 🌕.”

19 ³³ McCollum (@lilyachty), Twitter (Apr. 2, 2021),
20 <https://twitter.com/lilyachty/status/1378051154416963586?lang=en>: “I told y’all
21 safe moon was goin up lol.”

22 ³⁴ SafeMoon (@SafeMoonOfficial), Facebook (Apr. 3, 2021),
23 [https://www.facebook.com/101527008681710/posts/so-we-got-jake-paul-lil-](https://www.facebook.com/101527008681710/posts/so-we-got-jake-paul-lil-yachty-keemstar-ben-phillips-and-tenille-dashwood-anyone/118723846962026/)
24 [yachty-keemstar-ben-phillips-and-tenille-dashwood-anyone/118723846962026/](https://www.facebook.com/101527008681710/posts/so-we-got-jake-paul-lil-yachty-keemstar-ben-phillips-and-tenille-dashwood-anyone/118723846962026/):
25 “So we got Jake Paul, Lil Yachty, Keemstar, Ben Phillips”

26 ³⁵ @SafeMoon 2.0 🚀, Twitter (Apr. 3, 2021), <https://t.co/LJKCnIbrM8>:
27 “396,384,506,514,787 BURNT 🔥 GONE 🔥 #SAFEMOON.”

28 ³⁶ Karony (@CptHodl), Twitter (Apr. 3, 2021),
29 [https://twitter.com/CptHodl/status/1378383282832875523?ext=HHwWhoC5md6S](https://twitter.com/CptHodl/status/1378383282832875523?ext=HHwWhoC5md6SgKEmAAAA)
30 [gKEmAAAA](https://twitter.com/CptHodl/status/1378383282832875523?ext=HHwWhoC5md6SgKEmAAAA): “New ATH..Check. Continual burns..also check. Moon . . .
31 #Imminent Not financial advice, you do you. #SafeMoon #FairLaunch #DeFi.”

32 ³⁷ *Id.*

70. On April 4, 2021, the Company published the “Safemoon Road Map” for all four quarters of 2021 as four separate posts on its account on the social media platform, Instagram. These road maps for each quarter gave investors a false impression of the Company’s future prospects.

71. The caption to the Company’s post about the first quarter’s successes bragged: “Q1 Complete . . . Cough . . . we the best . . . cough.”³⁸ The post itself listed six accomplishments for Q1. Significantly, the Company stated that its “marketing campaign” had begun.³⁹

72. In the post for the second quarter of 2021, there was a list of 16 action items that the Company was looking at for Q2.⁴⁰ Most importantly, the Company stated that it intended to “complete” the SafeMoon wallet and “begin architecting” the SafeMoon exchange and related NFT exchange within the second quarter of 2021.⁴¹

73. The post for the Company’s Instagram post providing details about the third quarter of 2021 included eight action items.⁴² One of those items stated: “Finish NFT Exchange.”⁴³

³⁸ @safemoonhq, Instagram (Apr. 4, 2021), https://www.instagram.com/p/CNPSHnJn03i/?utm_source=ig_web_copy_link: “Q1 COMPLETE. . . . Cough . . . we the best . . . cough #SAFEMOON 🚀🪙”

³⁹ *Id.*

⁴⁰ @safemoonhq, Instagram (Apr. 4, 2021), https://www.instagram.com/p/CNPScNDHbkB/?utm_source=ig_web_copy_link: “Q2 Currently working on this! With your support anything possible.”

⁴¹ *Id.*

⁴² @safemoonhq, Instagram (Apr. 4, 2021), https://www.instagram.com/p/CNPSNJOn4oH/?utm_source=ig_web_copy_link: “Q3 Now where cooking. 🚀🔥🪙.”

⁴³ *Id.*

74. The first bullet point for the Company’s post about the “SAFEMOON Road Map” for the fourth quarter of 2021 declared that the Company would “finish SafeMoon exchange.”⁴⁴

75. In only nine days after the SafeMoon marketing campaign began in earnest, the promotion efforts of Paul and McCollum, along with those of the Company and Executive Defendants during the same time period, caused investors to purchase SAFEMOON Tokens in droves and drastically increased the trading volume over those days. For example, from March 27, 2021 to April 4, 2021, the trading volume leaped from \$7 million to \$68.7 million – a staggering 875% increase.

76. Over the next 10 days, the trading volume for the SAFEMOON Tokens began to die down. Despite the continued promotional activities by the Company and the Executive Defendants, the trading volume dropped from \$43.9 million on April 5, 2021 to an interim low of only \$8.9 million on April 15, 2021.

77. On April 7, 2021, the official SafeMoon Twitter account posted a video from Karony, wherein he provided an update “on all our progress.”⁴⁵ In particular, Karony stated that SafeMoon was in the middle of a two-part process of creating its own cryptocurrency exchange. The first part would be the creation of a SAFEMOON wallet. Karony advised investors that the Company was working on a “designated wallet” which “would be a better place for you to hold your SAFEMOON [Tokens].”⁴⁶ The second part would be for the Company to create the

⁴⁴ @safemoonhq, Instagram (Apr. 4, 2021), https://www.instagram.com/p/CNPSJOLHKcC/?utm_source=ig_web_copy_link: “Q4 Who knows this might be merged into Q3 🚀🌕.”

⁴⁵ @SafeMoon 2.0 🚀, Twitter (Apr. 7, 2021), <https://t.co/zB7NPJcfyx>: “Update from our CEO @CptHodl as he talks over the next moves for #SAFEMOON future and current and touches on exciting projects in the works. 🚀🌕.”

⁴⁶ *Id.*

exchange itself. According to Karony, the Company's developers were in the process of using the "most innovative" features for the exchange, including creating a sub-exchange for non-fungible tokens ("NFTs").⁴⁷

78. The following day, both the Company and Karony posted on social media that "400 TRILLION TOKENS BURNT GONE! NEVER COMING BACK."⁴⁸

79. On April 10, 2021, the Company's Twitter account published the following post:⁴⁹



80. Karony replied to the Company's boastful post about how it planned to reveal SafeMoon's "boldest innovation yet" with a single word reference to "Cryptonomics" *i.e.* the SAFEMOON Token's tokenomics.⁵⁰

⁴⁷ *Id.*

⁴⁸ Karony (@CptHodl), Twitter (Apr. 8, 2021), <https://t.co/yWNdDIMS3k>: "400 Trillion! Wow #SAFEMOON #FairLaunch #DeFi"; "400 TRILLION TOKENS BURNT GONE! NEVER COMING BACK 🔥 #SAFEMOON 🚀💰."

⁴⁹ @SafeMoon 2.0 🚀, Twitter (Apr. 10, 2021), <https://twitter.com/safemoon/status/1380886849850376194>: "Tomorrow we reveal quite possibly our boldest innovation yet. A lot of you know #SAFEMOON Exchange has been our vision since the beginning, so we invite you to join our CEO as he discusses why this may be one of the biggest moves within crypto space to date."


⁵⁰ Karony (@CptHodl), Twitter (Apr. 10, 2021), <https://twitter.com/CptHodl/status/1380887019304411136?cxt=HHwWgICzybDb8qkmAAAA>: "Cryptonomics."

81. Apparently realizing that the Company’s ability to reach new and unsuspecting investors for the purpose of luring them into purchasing SAFEMOON Tokens was decreasing rapidly, the Executive Defendants went back to what worked previously: celebrity endorsements. In an effort to inflate trading volume back up again, and ultimately facilitate the sale of their portion of the Float, the Executive Defendants and the Company went on to recruit new celebrities to act as promoters for the SAFEMOON Tokens. These efforts were once again successful and would, in short order, exponentially increase the trading volume for the SAFEMOON Tokens.

82. For example, on April 17, 2021, musician and producer, DeAndre “Souja Boy” Cortez Way, announced to his 5.4 million followers on Twitter that he had a public address for SAFEMOON tokens. Way has a dubious history when it comes to is previous similar promotional activities.⁵¹

83. That same day, musician and entertainer, Nick Carter, also used Twitter to promote SAFEMOON Tokens to prospective investors, disseminating a video of a rocket heading to the moon with the caption: “It’s time for blastoff #SAFEMOON.” Carter also photoshopped a picture of his face in the window of the rocket, implying to investors that he is onboard with the SafeMoon “rocket.” At the end of the video, it shows the number of SAFEMOON Tokens increasing from “500k holders” to “500,001 holders,” further indicating that Defendant Carter was personally invested in the future of SafeMoon.⁵²

⁵¹ See, e.g., Tarp Hitt, *Rapper Souja Boy Owns up to (Some of) His Wild Scams: ‘I Was Always Tricking People’*, DAILY BEAST (Sept. 18, 2019), <https://www.thedailybeast.com/rapper-soulja-boy-owns-up-to-some-of-his-wild-scams-i-was-always-tricking-people> (detailing Way’s long history of misleading and “scamming” consumers).

⁵² Carter (@nickcarter), Twitter (Apr. 17, 2021), <https://t.co/qpglKmX4HF>: “It’s time for blastoff  #SAFEMOON.”

84. On April 18, 2021, SafeMoon representative, Witriol, bragged about the Company's marketing success (of which he was a key contributor) specifically in California. In particular, Witriol posted a screenshot indicating that the hashtag "#SAFEMOON" was "Trending in California" on Twitter with almost 99,000 posts. In the accompanying message, Witriol, among other statements promoting SAFEMOON Tokens in California, used the same misleading promotional phrase – "#safemoonisthenewdogecoin" – that McCollum had previously used to promote the SAFEMOON Tokens. The entire message⁵³ is as follows:



85. Two days later, on April 20, 2021, Way again promoted SafeMoon to his followers and potential investors on Twitter.⁵⁴ Way did not disclose any financial relationship or promotional payments that he received from SafeMoon.

⁵³ Witriol (@ShaunWitriol), Twitter (Apr. 18, 2021), <https://t.co/CfuLibxpLe>: “👁️ 👁️ #safemoon This is only in California! Let's get this going across the 🌍! Together we can do it all! You guys are amazing! 🚀 #safemoonfamily #safemooncommunity #safemoonisthenewdogecoin #doge #bnb #binance #btc #bitcoin #cryptocurrency #usa #safemoonarmy.”

⁵⁴ Way (@souljaboy), Twitter (Apr. 19, 2021), <https://twitter.com/souljaboy/status/1384095418376613893?lang=en>: “Safemoon.”

86. On April 21, 2021, the Company itself joined in the promotion of SAFEMOON Tokens, posting the proclamation on Twitter:⁵⁵



87. The Company also posted, and Haines-Davies reposted on his personal Twitter account, the following message⁵⁶ downplaying the drop in the price of the SAFEMOON Token from the preceding day and encouraging new retail investors to purchase SAFEMOON Tokens:



88. On April 22, 2021, Witriol again promoted the “#safemoonisthenewdogecoin” hashtag on his Twitter account, advising investors to not sell their SAFEMOON Tokens because the severe price drop that occurred that same day was “all a part of the process! Sit back and relax!”⁵⁷ Witriol’s post then

⁵⁵ @SafeMoon 2.0, Twitter (Apr. 21, 2021), <https://twitter.com/safemoon/status/1384759982831374337>: “Rome wasn’t built in a day, #SAFEMOON was.”

⁵⁶ @SafeMoon 2.0, Twitter (Apr. 21, 2021), <https://twitter.com/safemoon/status/1384897219137056780>: “That wasn’t a dip today . . . we went back to earth for a bigger rocket and more passengers #SAFEMOON.”

⁵⁷ Witriol (@ShaunWitriol), Twitter (Apr. 22, 2021), <https://t.co/BcGzO7Vhwq>: “Hey #SAFEMOON It’s all a part of the process! Sit

made reference to a 1990s rap song (with an attached clip of the music video for added emphasis) with a parody of the lyrics: “We #hodl they hatin’ patrolling, trying to catch me ridin’ dirty” in an apparent effort to (1) dismiss any legitimate criticisms of the Company or those involved in the project and (2) reassure investors and the “#SafeMoonCommunity” that the SAFEMOON Tokens were still a good investment. The following is the post in its entirety (with a still shot of the GIF that Witriol attached to his post):⁵⁸



5:24 PM · Apr 22, 2021 · Twitter for iPhone

102 Retweets 3 Quote Tweets 354 Likes

89. The trading volume for the SAFEMOON Token exploded as a result of promotional activities of Way, Witriol, and Carter on Twitter and the Company’s announcements around the same time. On April 17, 2021, the volume reached \$17.5

back and relax! “We #hodl they hatin’ patrolling, trying to catch me ridin’ dirty” 🚀🔒🌕 #SafeMoonCommunity #safemoonarmy #safemoonisthenewdogecoin #BNB #BSC.”

⁵⁸ *Id.*

1 million – approximately 70% higher than the previous day.⁵⁹ On April 18, 2021 (i.e., the same day that Witriol made statements about SAFEMOON’s popularity in California specifically) the trading volume jumped another 36% up to \$23.9 million.⁶⁰ Then on April 19th, that volume *more than tripled*, reaching \$68.8 million.⁶¹ Over the following three days, the Company’s continued promotions pushed the trading volume for SAFEMOON Tokens exponentially higher. On April 20, 2021, the volume jumped to \$144.7 million, with it increasing further to \$173.3 million on April 21, 2021 and then temporarily peaking at \$191.6 million on April 22, 2021.

90. Ultimately, the promotional efforts by the Company and Way, Witriol, and Carter caused *a staggering 1,691% increase in trading volume* between April 16, 2021 and April 22, 2021.

91. On May 1, 2021, Karony advised SAFEMOON Token investors about an “update” on the status of the SAFEMOON wallet. Karony teased “all the features” that were available on the wallet and promised to show the user interface to investors. Karony also gave a “new hint” about the wallet, namely that the wallet was “a component of Operation Pheonix.”⁶²

92. In addition to using the celebrity power of the Promoter Defendants, the Executive Defendants sought to instill confidence in investors by pointing to an

⁵⁹ <https://coinmarketcap.com/currencies/safemoon/historical-data/>.

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² Karony (@CptHodl), Twitter (May 1, 2021), <https://twitter.com/CptHodl/status/1388543343194484737?cxt=HHwWgsC55Yq0jMUmAAAA>: “Looking forward to tomorrow’s update on the wallet. We cannot go into all the features, but we will be showing the UI to you. New hint: the wallet is a component of Operation Pheonix. #SAFEMOONARMY #SAFEMOON #Evolution.”

1 audit it had conducted from a Singapore-based company, CertiK.⁶³ The audit report
 2 created by CertiK (the “CertiK report”) on May 3, 2021, discovered that the
 3 Company’s developers had built an “addLiquidity function” into the SafeMoon
 4 protocol to reward a single “_owner” address with significant sums of SAFE tokens
 5 over time. According to the CertiK report: “As a result, overtime the _owner address
 6 will accumulate a significant portion of LP tokens” (worth approximately \$2.6
 7 billion in May 2021).⁶⁴ “If the _owner is an EOA (Externally Owned Account),
 8 mishandling of its private key can have devastating consequences to the project as a
 9 whole.”⁶⁵

10 93. As Jasper Lawler, head of research at London Capital Group to the
 11 Financial Post, noted in an article in the *International Business Times*, “The manual
 12 burns, alongside the [C]ompany having a pretty large stake in the [SAFEMOON
 13 Tokens], just speaks to me of a manipulation risk. Whenever there’s some sort of
 14 mechanism to stop selling, that’s a bit of a warning sign.”

15 94. Another cryptocurrency blog described the problem with the manual
 16 burns as follows: “the creators [*i.e.*, the Executive Defendants] can choose to burn
 17 as much of the coin as they want, whenever they want, as this is basically like
 18 trusting the US government not to over inflate the currency. Yes, they have the
 19 power to no over inflate the US dollar, but do they use it? Not always. See the
 20 problem?”⁶⁶

21 95. CertiK suggested that the project could mitigate that risk by assigning
 22 such privileged roles to multisig wallets, introducing a DAO, and even time-locking
 23 the centralized wallet. The Company rejected this suggestion in CertiK and sought
 24

25 ⁶³ <https://www.certik.com/projects/safemoon>.

26 ⁶⁴ *Id.*

27 ⁶⁵ *Id.*

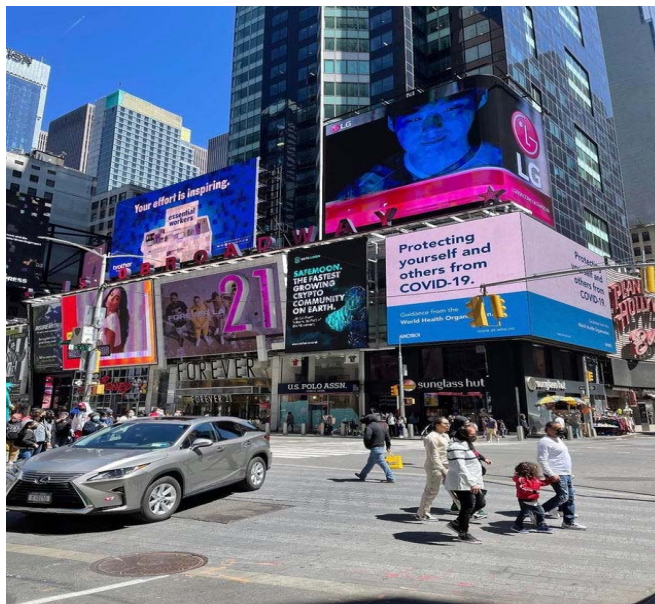
28 ⁶⁶ *See* fn.3, *supra*.

1 to downplay the possibility of any wrongdoing by the Executive Defendants: “Rug
2 pulls or anything else is mitigated due to the fact that every member of SafeMoon
3 would be subject to litigation and likely a swift prison sentence . . . outside of the
4 law, our social lives would be in ruin.”⁶⁷

5 96. On or about May 5, 2021, the Company, via its Reddit social media
6 account, took in funds raised from “the community” to pay for multiple billboards
7 that promoted the SAFEMOON Tokens as the “World’s Fastest Growing
8 Cryptocurrency” with the “Fastest Growing Crypto Community on Earth.” The
9 following picture was posted on the Company’s Reddit account “r/SafeMoon”:⁶⁸

10 SAFEMOON AT TIMES SQUARE, NEW YORK 🚀🚀🚀

11 Feeling Bullish 📈



21 97. On May 10, 2021, the Company’s official Twitter account posted a
22 video showing a different six-story billboard display with a SafeMoon advertisement
23 with the caption: “#SAFEMOON has landed in Times Square! Thanks to the
24

25 ⁶⁷ See fn.63, *supra*.

26 ⁶⁸ SAFEMOON AT TIMES SQUARE, NEW YORK 🚀🚀🚀, Reddit (May 5,
27 2021),
28 https://www.reddit.com/r/SafeMoon/comments/n5bkvi/safemoon_at_times_square_new_york/.

community who raised the funds to make this possible, we are overwhelmed with the billboard action across the globe . . . the message is strong. #SAFEMOONARMY”.⁶⁹

98. The trading volume of SAFEMOON Tokens saw a significant increase following the Company’s promotional efforts, rising over 46% from \$136.2 million on May 9, 2021 to \$199.3 million on May 10, 2021.⁷⁰

99. On May 13, 2021, Paul promoted SAFEMOON Tokens in an exchange he had with Grammy award winning rapper Juicy J on Twitter:⁷¹



100. Then on May 15, 2021, Paul bragged about his earlier promotion of the SAFEMOON Tokens:⁷²

⁶⁹ @SafeMoon 2.0 🚀, Twitter (May 10, 2021), <https://t.co/yAb0i78OnG>: “🚀🌕 #SAFEMOON has landed in Times Square! Thanks to the community who raised the funds to make this possible, we are overwhelmed with the billboard action across the globe . . . the message is strong. #SAFEMOONARMY.”

⁷⁰ See fn. 59, *supra*.

⁷¹ Paul (@jakepaul), Twitter (May 13, 2021), <https://twitter.com/jakepaul/status/1392962577714528256?lang=en>: “@therealjuicyj YOU SAY NO TO SAFEMOON JUICY J CANT CANT CANT CANT.”

⁷² Paul (@jakepaul), Twitter (May 15, 2021), <https://twitter.com/jakepaul/status/1393719812547878913?lang=en>.



101. On May 15, 2021, Phillips promoted the SAFEMOON Tokens in a now-deleted post on Twitter by bluntly stating, “YES I HOLD #SAFEMOON NO SHIT! I ALSO HOLD (not holding advice).”⁷³

102. Paul’s promotional activities created a corresponding increase in people trading the SAFEMOON Tokens. In particular, the trading volume of SAFEMOON Tokens that spiked as a result of the promotional efforts of both the Company and Paul went from \$123 million on May 12, 2021 to \$152.7 million on May 13, 2021 (+24%). Then, following a steep drop off in trading volume on the next trading day, Paul’s May 15th tweet pumped the trading volume up again from \$36.6 million on May 14, 2021 to \$51.7 million on May 15, 2021 (*an increase of 41% from the previous day*).⁷⁴

103. On May 22, 2021, an auditing company, HashEx, published an audit report on the Company’s smart contracts that was created for a SAFEMOON Token investor (the “HashEx report”).⁷⁵ The stated purpose of the audit was to “identify potential security issues with smart contracts” and “formally check the logic behind

⁷³ See fn.6, *supra*.

⁷⁴ See fn. 59, *supra*.

⁷⁵ Polly Traore, *Safemoon smart contract audit report*, HASHEX (May 22, 2021), <https://blog.hashex.org/safemoon-smart-contract-audit-report-8e4b843a375d>.

given smart contracts.”⁷⁶ The HashEx report ultimately found the Company’s smart contracts had two “critical” and three “high” severity security issues/vulnerabilities with the SAFEMOON Token that could be exploited for fraudulent purposes. The HashEx report defines an issue as critical “if it may cause unlimited losses or breaks the workflow of the contract and could be easily triggered.” High severity issues are defined as those that “may lead to limited losses or break interaction with users or other contracts under very specific conditions.” One of the critical severity issues that the HashEx report identified was related to SafeMoon’s “Ownable contract.” Notably, as part of the analysis of this critical severity vulnerability, the HashEx report disclosed that the SAFEMOON Token contract was merely a modified version of another, publicly available Ownable contract from OpenZeppelin.⁷⁷

104. Shortly after the HashEx report was released, Arriaga began working on the Company’s behalf. While he officially joined the Company as its Global Head of Products in July 2021, Arriaga had been operating as an undisclosed promotor of the SAFEMOON Tokens prior to taking on this titled position. Arriaga, using “The Fud Hound” as a pseudonym,⁷⁸ worked as the *de facto* public relations/damage control officer for the Company since at least May 24, 2021.⁷⁹

105. Arriaga’s primary job was to attack and discredit anyone publicly spreading fear, uncertainty, or doubt (aka “FUD”) about the Company or the SAFEMOON Tokens.

⁷⁶ *Id.*

⁷⁷ *Id.*

⁷⁸ Upon information and belief, Arriaga also used the username “u/Influencer_CEO_Techy” as another alias to anonymously promote and hype the SAFEMOON Tokens to users on the social media platform, Reddit.

⁷⁹ The Safemoon Hound (@TheFudHound), Twitter (May 24, 2021), <https://twitter.com/TheFudHound/status/1396917364642385920?cxt=HHwWgMCswaS87OImAAAA>: “Thank you 🙏.”

1 106. On May 24, 2021, Arriaga created “The FUD Hound” YouTube page
 2 and uploaded an approximately 30-minute video titled “Safemoon Reedemed!
 3 [sic]”⁸⁰ The video’s description also provided the following statement from Arriaga:

4 Safemoon FUD is the newest desperation tactic that some YouTubers
 5 and opportunists are taking advantage of. Many people who scream
 6 “Ponzi Scheme” or “Scam” before doing their own research are those
 7 that can easily be discredited for their lazy and half-baked analysis. In
 8 this video is an example of such.

9 Remember, there are YouTube opportunists everywhere, most will ride
 10 a trend or movement to which they know nothing about in order to get
 11 views and hopefully pick up some naïve subscribers along the way.
 12 They care not about the damage and destruction they cause for they are
 13 only in the game for themselves.

14 I expose these people for who they are. Enjoy.

15 107. In the Safemoon Reedemed! Video, there are clips of videos from other
 16 YouTube channels warning young and naïve investors to stay away from projects
 17 like SafeMoon because it could be a scam and/or displays “Ponzi scheme”
 18 characteristics. Arriaga cynically accuses these other video creators of manipulating
 19 the emotions of investors and then proceeds to undermine those warnings in an effort
 20 to maintain positive sentiment towards the Company and the SAFEMOON Tokens.

21 108. The following day, the @TheFudHound Twitter account was created.
 22 Arriaga uploaded his first video and immediately began threatening so-called
 23 FUDsters.

24 109. For example, in one of his later tweets on May 25, 2021, Arriaga stated
 25 that he had the “Next #SAFEMOON FUDster in the crosshairs.
 26 #SAFEMOONARMY will love Expose #2. The hound is on the scent, next video
 27

28 ⁸⁰ The FUD Hound, *Safemoon Reedemed!*, YouTube (May 24, 2021),
<https://www.youtube.com/watch?v=ARuxp8Va0bw>.

1 will be even better.” Arriaga announced that “Project #StoptheFUD started
2 yesterday” and threatened potential naysayers: “We are #SafeMoonCommunity
3 think before you post misinfo because I won’t hold back.”




4 110. On May 31, 2021, the Company posted a short video to its social media
5 accounts generally promoting the SafeMoon “TOKENOMICS” with images
6 indicating that investors would be happy to receive the SafeMoon Reflections.⁸¹


7 111. In another post that day, the Company continued its efforts to promote
8 SafeMoon’s “tokenomics” to investors, announcing that “Another exchange has
9 enabled #SAFEMOON tokenomics.”⁸²





10 112. On June 1, 2021, the Company attempted to reassure SAFEMOON
11 Token investors, after four consecutive days of decreasing trading volume and
12 downward selling pressure had caused the price of the SAFEMOON Tokens to drop.
13 In a play on investors’ emotions and feelings of goodwill, the Company published a
14 post on Twitter that stated, “No rug pulls here,” above a picture of several puppies
15 with photoshopped SafeMoon badges.⁸³

16 113. On June 2, 2021, Arriaga published a video titled, “Hashex Safemoon
17 Audit DEBUNKED,” in response to the criticisms leveled in the Hashex report.⁸⁴ In
18 the caption to this video, Arriaga stated:

19 Hashex audit on Safemoon exposed in this expose. Is a SafeMoon
20 Blockchain a possibility? I analyze a little of who Hashex is as well as
21

22 ⁸¹ @SafeMoon 2.0 , Twitter (May 31, 2021), <https://t.co/RXFOFdpZ2C>:
23 “TOKENOMICS   #SAFEMOON.”

24 ⁸² @SafeMoon 2.0 , Twitter (May 31, 2021), <https://t.co/NNKuwT3irY>:
25 “ANOTHER EXCHANGE HAS ENABLED #SAFEMOON TOKENOMICS.
@bitbns.”

26 ⁸³ @SafeMoon 2.0 , Twitter (June 1, 2021), <https://t.co/r4ZpbmEoME>: “
27 #SAFEMOON SECURITY REPORTING FOR DUTY!  .

28 ⁸⁴ Arriaga, *Hashex Safemoon Audit DEBUNKED!*, YouTube (June 2, 2021),
<https://www.youtube.com/watch?v=rB1m7NiaekA>.

1 their independent critical audit finds that were publicized and used to
 2 discredit SafeMoon. However, there are some holes in this logic as
 3 well as “who” Hashex is. *While uncovering holes in the Hashex audit,*
 4 *I take you down the rabbit hole and reveal how SafeMoon has*
 5 *positioned itself to keep hold of its cards should they decide that a*
 6 *SafeMoon Blockchain is something to pursue. SafeMoon is*
 7 *encountering FUD from all directions. This may be due to the*
 8 *immense threat SafeMoon poses to those already in power positions*
 9 *in the Blockchain space.*

10 [Emphasis added.]

11 114. In the video itself, Arriaga downplayed the findings of the Hashex
 12 report, calling it, among other things, a “cheap shot” and dismissing the audit’s
 13 finding that there was a critical issue in the code for the SAFEMOON Token that
 14 could result in the liquidity pool being drained.

15 115. Arriaga also stated that the Company had purposefully not “locked” the
 16 liquidity pool so that the Company would have the flexibility to deploy the capital
 17 within the liquidity pool to fund “innovative” projects instead of it being unavailable
 18 because it was locked up elsewhere.⁸⁵

19 116. The promotional efforts of the Company and Arriaga were successful
 20 insomuch as trading volume rose approximately 40%, from \$17.8 million on June 1,
 21 2021, to \$29.6 million on June 2, 2021.

22
 23
 24
 25
 26 ⁸⁵ This statement by Arriaga demonstrates that the Company’s earlier social
 27 media posts about having two liquidity pools locked until 2025 were misleading and
 28 simply meant to trick investors who were worried about the ability of insiders like
 the Executive and Promoter Defendants to run off with their money into believing
 that their investments in SAFEMOON Tokens were safe.

117. On June 3, 2021, the Company again promoted the “tokenomics” of the SAFEMOON Tokens and promised investors that “Holding is Rewarding.”⁸⁶ Another Twitter post from the Company that same day indicated that investors needed to “HODL” since “WE’RE ALL IN THIS TOGETHER! #SAFEMOON.”⁸⁷



118. The next day, the Company’s Twitter account resumed its efforts to reassure investors and stabilize the trading volume of SAFEMOON Tokens. In particular, the Company posted an animated video of a SafeMoon “FUD Monster” being revealed to be a rat that runs away when exposed. The caption for this post states: “FUD MONSTER IN REALITY . . . #SAFEMOON #FAMILYNOTFUD.”⁸⁸

119. On June 5, 2021, Witriol was interviewed on a question-and-answer video that was uploaded to YouTube. During the interview, Witriol is identified as the “go to” person with the Company who knows “what’s going on” with SafeMoon.⁸⁹ Witriol also touted the “tokenomics” of the SAFEMOON Tokens and that there is “a lot to look forward to” with the Company. He assured investors that there was a “low chance of a rug pull” because Karony would “lose his credentials” with the Department of Defense.⁹⁰

120. On June 6, 2021, the Company thanked SafeMoon investors and boasted that SafeMoon was poised to increase significantly in price: “Above all other

⁸⁶ @SafeMoon 2.0 , Twitter (June 3, 2021), <https://t.co/6cvThDmJ2Y>: “HOLDING IS REWARDING   #SAFEMOON.”

⁸⁷ @SafeMoon 2.0 , Twitter (June 3, 2021), <https://t.co/U1nYcRokGu>: “WE’RE ALL IN THIS TOGETHER! #SAFEMOON.”

⁸⁸ @SafeMoon 2.0 , Twitter (June 4, 2021), <https://t.co/T9GHP81D87>: “FUD MONSTER IN REALITY. . .  #SAFEMOON #FAMILYNOTFUD <https://t.co/T9GHP81D87>.”

⁸⁹ See fn.4, *supra*.




⁹⁰ *Id.*

1 projects and tokens, SafeMoon has proved one thing . . . cryptocurrency may be
2 young but very much on route to the moon.”⁹¹

3 121. On June 7, 2021, Karony announced that the Company had “identified
4 glaring security gaps with a lot of wallet providers” and was in the process of
5 “integrating game changing encryption into the wallet.” Karony then unambiguously
6 declared that, “The SafeMoon wallet will be one of / if not the strongest wallets on
7 the market. #SAFEMOON is the #Evolution!”⁹²

8 122. Karony went on to state that, “[w]e have come to the conclusion that
9 it’s just better to do things yourself,” indicating to investors that SafeMoon decided
10 to create its own wallet due to the vulnerabilities in existing cryptocurrency wallets.⁹³
11 Karony also alluded to the “crypto world” being “ironically archaic, and toxic,” and
12 hinting that “someone” was copying SafeMoon while simultaneously trying to
13 “cyber bully and attack” Defendants.

14 123. That same day, June 7th, Arriaga released another so-called exposé
15 video that attacks another YouTuber for warning investors that the SAFEMOON
16

17 ⁹¹ @SafeMoon 2.0 , Twitter (June 6, 2021),
18 [https://twitter.com/safemoon/status/1401617178638622724?s=20&t=4i0FP5_ox1](https://twitter.com/safemoon/status/1401617178638622724?s=20&t=4i0FP5_ox1QpuQ-AX50tzw)
19 QpuQ-AX50tzw: “To all our loyal HOLDERS! Thank you . . . you have been there
20 on our ups and our downs, #SAFEMOON is a community. . . a family. Above all
other projects and tokens safemoon has proved one thing. . . cryptocurrency maybe
young but very much on route to the moon  .

21 ⁹² Karony (@CptHodl), Twitter (June 7, 2021), [https://twitter.com/CptHodl](https://twitter.com/CptHodl/status/1401904812409696257?s=20&t=0JHkaogN0eltPoTdU6K_6g)
22 /status/1401904812409696257?s=20&t=0JHkaogN0eltPoTdU6K_6g: “We also
23 identified glaring security gaps with a lot of wallet providers. We are integrating
game changing encryption into the wallet. The SafeMoon wallet will be one of / if
24 not the strongest wallets on the market. #SAFEMOON is the #Evolution!”

25 ⁹³ Karony (@CptHodl), Twitter (June 7, 2021), <https://twitter.com/CptHodl/status/1401909541105774598>: “We have come to the
26 conclusion that it’s just better to do things yourself. The crypto world is ironically
27 archaic, and toxic. Someone copies what you did, then repeatedly tries to cyber
28 bully and attack you. Stop. When one wins we all win. Other tokens are not the
enemy.”

1 Tokens were a “\$500 million dollar scam” and generally “shilling FUD about well-
2 meaning companies” like SafeMoon.⁹⁴

3 124. These various efforts by Arriaga at damage control allowed Defendants
4 to increase and/or stabilize the trading volume for a short period of time.



5 125. On June 11, 2021, Karony announced that he was “[h]appy to say [the
6 SafeMoon team is] smashing out our internal deadlines.” Karony then hinted at
7 imminent release dates for promised features for “the Wallet, exchange and more
8 importantly Operation Pheonix.”

9 126. In another public post from the same day, the Company’s official
10 Twitter account bragged, “WE SAID WE’D BRING YOU A SHOW! THE
11 #SAFEMOONWALLET IS JUST THE BEGINNING”⁹⁵

12 127. On June 13, 2021, Karony, in an apparent effort to have investors
13 associate SAFEMOON with the popular cryptocurrency Dogecoin and its unofficial
14 ambassador, Elon Musk, cited to the Company’s Chief Blockchain Officer, Thomas
15 Smith, and his being “involved with the Doge Coin x SpaceX partnership.”⁹⁶

16 128. That same day, Arriaga released a purported exposé video titled,
17 “Crypto Genesis spreads FUD about SafeMoon – DEBUNKED,” wherein he again
18
19

20 ⁹⁴ Arriaga, *Safemoon redeemed a 3rd time*, YouTube (June 7, 2021),
21 https://www.youtube.com/watch?v=G8QJm6_aKgw.

22 ⁹⁵ @SafeMoon 2.0 , Twitter (June 7, 2021),
23 <https://twitter.com/safemoon/status/1403431640777510916?s=20&t=HSZFEiryLjHn9PrjFQP1xw>: “WE SAID WE’D BRING YOU A SHOW! THE
24 #SAFEMOONWALLET IS JUST THE BEGINNING. . .  .

25 ⁹⁶ Karony (@CptHodl), Twitter (June 13, 2021),
26 <https://twitter.com/CptHodl/status/1404104687566086149?cxt=HHwWioCzncXxsPwmAAAA>: “We have no issues with Doge Coin. Fun fact, the SafeMoon Chief
27 Blockchain Officer was involved with the Doge Coin x SpaceX partnership. So yes,
28 you will be able to hold Doge on #SAFEMOONWALLET. That’s where I’ll be holding mine. #SAFEMOON is the #Evolution!”

1 dismissed criticisms about SafeMoon as invalid “FUD” and threatened to expose
2 anyone speaking negatively about the Company.⁹⁷

3 129. On June 21, 2021, Arriaga released his sixth and final video on *the FUD*
4 *Hound YouTube* channel, which was titled, “Matt Wallace bashes Safemoon and
5 then gets destroyed!” with a laughing face emoji.⁹⁸ In the caption to the video,
6 Arriaga claims that SafeMoon critic Matt Wallace’s research was “lazy and
7 misleading.” Then, in an apparent attempt to persuade investors into ignoring
8 Wallace’s warnings about the SAFEMOON Tokens, Arriaga attempted to whip up
9 a mob mentality within the SafeMoon community, by encouraging them to “witness
10 [Wallace] getting owned on a live-stream as he comes unprepared with zero facts”
11 and to “[w]atch this epic display of failure as this FUDster gets exposed.”⁹⁹

12 130. In July 2021, Arriaga “officially” joined the Company as its Global
13 Head of Products.

14 131. On July 14, 2021, Witriol participated in an “Ask Me Anything”
15 interview (“AMA”) wherein he made numerous statements on behalf of the
16 Company.¹⁰⁰ For example, in response to a question from a SAFEMOON Token
17 investor about the Company’s prospects, Witriol stated that he was “more excited
18 now than when I joined the team” and that investors were “gonna like what you
19 hear” in the near future.¹⁰¹

20
21
22 ⁹⁷ Arriaga, *Crypto Genesis spreads FUD about Safemoon – DEBUNKED*,
23 YouTube (June 13, 2021), https://www.youtube.com/watch?v=zSbbt_JralU.

24 ⁹⁸ Arriaga, *Matt Wallace bashes Safemoon and then gets destroyed!* 😂,
25 YouTube (June 21, 2021), <https://www.youtube.com/watch?v=z0qVSbwSnEc>.

26 ⁹⁹ *Id.*

27 ¹⁰⁰ *SAFEMOON SHAUN WITRIOL TWITTER SPACES AMA (FULL) 7/14/21*,
YouTube (July 15, 2021), <https://www.youtube.com/watch?v=ow0M9bh1mNE>.

28 ¹⁰¹ *Id.*

1 132. Witriol went on to declare that he was “[m]ore bullish now than I was
2 two weeks ago before I joined the team.”¹⁰² This statement is at odds with Witriol’s
3 earlier comments that he was with the Company since “day one or day two” when
4 he met with Karony.¹⁰³ Upon information and belief, Witriol knew that his
5 statements about the Company’s prospects and him only joining the Company “two
6 weeks ago” were false when he made them. In particular, Witriol appears to have
7 made the latter statement in an effort to distance himself from the Company and the
8 other Executive Defendants.

9 133. Within a month of Witriol’s AMA interview and in the final weeks
10 before the promised launch of the SafeMoon wallet (*i.e.*, August 2021), Witriol left
11 the Company.

12 134. Around the same time, the price of SAFEMOON Tokens was dropping
13 precipitously due to immense downward selling pressure for large holders.
14 “SafeMoon has witnessed whales dumping in large proportions from June to July
15 2021.”¹⁰⁴ As reported in the *International Business Times* article, “*Mysterious*
16 *SafeMoon Investor Dumps 2.4 Trillion Coins, Value Falls 28% in the Day’s Trade*,”
17 the value of the SAFEMOON Tokens dropped 28% on July 31, 2021 in “the largest
18 sell-off for July 2021,” caused by a “domino effect of panic selling.” In response to
19 this, Phillips took to Twitter on August 2, 2021, to talk tough to the unknown whale
20 who sold the 2.4 Trillion SAFEMOON Tokens stating, “F***ING
21 IRRESPONSIBLE WHALE. . . I HOPE YOU GET HIT BY A BUS.”¹⁰⁵ Neither

22 ¹⁰² *Id.*

23 ¹⁰³ *See* fn. 87, *supra*.

24 ¹⁰⁴ Vinod DSouza, *Crypto Influencer Ben Phillips Wishes Death to SafeMoon*
25 *Whale: ‘I Hope you Get Hit by a Bus,’*, INTERNATIONAL BUSINESS TIMES (Aug. 2,
26 2021), <https://www.ibtimes.sg/crypto-influencer-ben-phillips-wishes-death-safemoon-whale-i-hope-you-get-hit-by-bus-59293>.

27 ¹⁰⁵ *See* Vinod DSouza, *Mysterious SafeMoon Investor Dumps 2.4 Trillion Coins,*
28 *Value Falls 28% in the Day’s Trade*, INTERNATIONAL BUSINESS TIMES (July 31,

1 the Company, nor the Executive Defendants denounced Phillips’ statement or even
2 commented on it at all.

3 135. The price and trading volume for the SAFEMOON Tokens began to
4 stabilize after the Company and the Executive Defendants began promoting the
5 scheduled SafeMoon wallet launch more aggressively in the lead up.

6 136. On August 14, 2021, the Company’s Twitter account posted a minute-
7 long video advertisement for the SafeMoon wallet.¹⁰⁶ The video told investors that:

- 8 • “It’s time to get serious about the SAFEMOON wallet”
- 9 • “We take intuitive design, and strive for perfection”
- 10 • “The future of trading is here”
- 11 • “Ease of use built for all”
- 12 • “Full Launch 28th of August”
- 13 • “Available on Android and iOS”

14 137. Following the release of this commercial, *trading volume for*
15 *SAFEMOON Tokens almost quadrupled* from \$11.4 million on August 14, 2021
16 to \$43.7 million on August 16, 2021.

17 138. On August 20, 2021, Way touted the financial benefits of investing in
18 SafeMoon (and SafeMoon-related services like the SAFEMOON Tokens?) to his
19 Twitter followers, stating, among other things, that he was “getting paid out in
20 @SafeMoon constantly. . . .”¹⁰⁷

21
22
23 _____
24 2021), <https://www.ibtimes.sg/mysterious-safemoon-investor-dumps-2-4-trillion-coins-value-falls-28-days-trade-59232>.

25 ¹⁰⁶ @SafeMoon 2.0 , Twitter (Aug. 14, 2021), <https://t.co/atarzOUuX7>:
26 “THANK YOU FOR ALL THE SUPPORT ON THE JOURNEY TO THE
27 #SAFEMOONWALLET LAUNCH   COMING SOON AUGUST 28TH.”

28 ¹⁰⁷ Way (@souljaboy), Twitter (Aug. 20, 2022), <https://twitter.com/souljaboy/status/1428847986759462917?lang=en>.

1 139. The trading volume for SAFEMOON Tokens increased following
 2 Way's promotion, going from \$14.6 million on August 19, 2021, to \$20.8 million
 3 on August 20, 2021 (a 42% increase).¹⁰⁸

4 140. On August 19th and 24th of 2021, Karony stated, on his personal
 5 Twitter account, that he was "Looking forward to #SAFEMOONWALLET launch
 6 on August 28th!"¹⁰⁹

7 141. The trading volume rose in the days leading up to the launch of the
 8 SafeMoon wallet from \$13.5 million on both August 19th and 24th up to \$54.6
 9 million on August 28th – an increase of over 300%.

10 142. On August 28, 2021, the Company repeatedly announced on its social
 11 media platforms that the launch of the SafeMoon wallet was scheduled for that day
 12 at 4PM EST. But when the moment for the launch arrived, the Company did not
 13 release the SafeMoon wallet as previously promised.

14 143. The Company released the following statement concerning the failed
 15 release of the SafeMoon wallet:

16 Wallet Update

17 SAFEMOONARMY – Thank you for bearing with us!

18 We've experience unforeseen technical issues on launching all 3
 19 products at the same time (website buy & swap, android wallet & IOS
 20 wallet).

21 We're working around the clock to fix the issues and to ensure we give
 22 you the quality experience you deserve. So we can manage demand,
 23

24 ¹⁰⁸ See fn. 59, *supra*.

25 ¹⁰⁹ Karony (@CptHodl), Twitter (Aug. 24, 2021), <https://t.co/m9CrVLGy9L>: "1
 26 million followers in under 6 months. This is a huge achievement. Looking forward
 27 to the #SAFEMOONWALLET launch on August 28th. Let's evolve together!
 28 #SAFEMOON #SAFEMOONARMY"; *id.*: "Meetup at the billboard? Looking
 forward to #SAFEMOONWALLET launch on August 28th! #SAFEMOON is the
 #Evolution!"

1 will be releasing each product in a staggered approach (one by one) –
 2 starting with the website buy & swap function – today.

3 We apologise for the delay. We hear all of you. We can't wait to bring
 4 you all home.¹¹⁰

5 144. After two days without the promised release of the wallet function, the
 6 Company disseminated a second announcement on August 30, 2021, regarding the
 7 delay:

8 Wallet Update

9 What's the hold-up? #SAFEMOON


10 Here's a #SAFEMOONWALLET update from CEO John Karony.

11 Hype and FUD to one side, here is more detail on what happened over
 12 the last 48 hours:

13 As you know, we worked extensively towards the wallet launch on the
 14 28th of August. However, the technical issues experienced at 4:00PM
 15 (BST) created unforeseen side effects that the product development
 16 teams have been unable to resolve yet (for re-approval from Apple &
 17 Google). No reasons for an unsuccessful launch were brought [sic] to
 18 my attention prior to 4PM, and for that I apologise as I promised you,
 19 our community a product worth waiting for. It's still coming, we just
 20 have to wait a bit longer. If I had been made aware of the issues now
 21 known, the launch would not have gone ahead.

22 Our aim is to deliver the safest wallet on the planet – we won't launch
 23 any product unless it's the best it could possibly be, for you.

24 We have all been working around the clock to address the technical
 25 issues and have come to the conclusion that *we need to delay the wallet*
 26 *launch. I have been reassured by SAFEMOON's Global Head of*

27
 28 ¹¹⁰ @SafeMoon 2.0 , Twitter (Aug. 28, 2021), <https://twitter.com/safemoon/status/1431737961796747267?s=20&t=asnTTweZ9AovC9VEdUFRwQ>

1 *Product [i.e. Defendant Arriaga] that this will be fixed swiftly and*
 2 *efficiently*, and we have the utmost confidence it will.

3 *All SAFEMOON staff are on hand to support the Global Head of*
 4 *Product and make sure he has endless resources to deliver the wallet.*

5 The wallet launch is my utmost priority and I am committed to get you
 6 an update as soon as I can. We are all disappointed. But our focus
 7 remains on ensuring you get the wallet you deserve.

8 Thank you for your continued support and patience. The wallet is
 9 coming and it will be worth the wait.

10 We are family, we are SAFEMOON.¹¹¹




11 [Emphasis added.]

12 145. The price of the SAFEMOON Token, and its trading volume,
 13 plummeted in the wake of the failed launch of the wallet. The price went from a
 14 high of \$0.00000355 to a low of \$0.0000014 (a 60.5% decrease). The Company and
 15 the Executive Defendants nevertheless continued to dangle the prospect of the wallet
 16 out to investors in order to continue to unload more of their portion of the Float.

17 146. On September 6, 2021, the Company's Twitter account reposted a tweet
 18 from Arriaga, telling investors that “#SAFEMOONWALLET is imminent!” In the
 19 caption to this re-tweet, the Company credited this statement from Arriaga as being
 20 from the “Dev himself”¹¹² (i.e., the developer of the SafeMoon wallet).

21 147. The trading volume of SAFEMOON Tokens once again spiked as a
 22 result of the announcements by the Company itself and Arriaga, going from \$12.5
 23 million on September 5, 2021 (the day before the promotions about the SafeMoon
 24

25 ¹¹¹ @SafeMoon 2.0 , Twitter (Aug. 30, 2021), <https://t.co/0GGN7mFQIS>:
 26 “UPDATE ON THE #SAFEMOONWALLET   #SAFEMOON.”

27 ¹¹² @SafeMoon 2.0 , Twitter (Sept. 6, 2021), <https://twitter.com/safemoon/status/1434855369394860033?s=20&t=CTIBkiT2WMEr75TWa-S91A>: “From the
 28 Dev himself the #SAFEMOONWALLET is IMMINENT  .

wallet) up to \$38 million on September 10, 2021 – *a 200% increase in trading volume*.

148. On September 9, 2021, the Company’s Chief Technology Officer, Hank Wyatt, announced his resignation on Twitter.¹¹³ Following his departure, Wyatt was interviewed about why the SafeMoon wallet failed to launch and the reasons for his departure.¹¹⁴ According to Wyatt, the development team for the SafeMoon wallet were hired by the “business leads not the developmental leads.”

149. Wyatt also explained how he found out about the SafeMoon project on the social media platform Discord in the early days of the Company’s formation. Wyatt disclosed that two “old Safemoon moderators” that Wyatt “knew” – apparently displeased with his departure from SafeMoon and, as a result, “set him up” with “targeted questions” – had secretly recorded two conversations “without [his] permission.”¹¹⁵ Apparently feeling threatened with a forced exposure, Wyatt admits to having invested \$9,000 to join in the Company “in the beginning.” He learned about it on Discord and “went with it.”

150. In the recording, Wyatt apparently also makes a comment about how he was displeased with SafeMoon because he “didn’t get a raise” and “didn’t want to work weekends.” After admitting this during the interview, Wyatt later expresses

¹¹³ Wyatt (@Hankusun), Twitter (Sept. 9, 2021), https://twitter.com/Hankusun/status/1436043090754744331?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1436043090754744331%7Ctwgr%5E%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fcryptoslate.com%2Fsafemoon-cto-resigns-fueling-rumors-of-disquiet-within-the-company%2F: “Leaving my position on Safemoon was definitely a difficult decision, the hardest I’ve ever had to make. However, I’m excited for the future and can’t wait for the next chapter of my life to begin!”

¹¹⁴ *HANK TALKS FUTURE OF SAFEMOON! WHY HE QUIT, PIGGYBANK, WALLET LAUNCH FAILURE, DDOS ATTACKS!*, COINMARKETBAG (Sept. 30, 2021), <https://coinmarketbag.com/hank-talks-future-of-safemoon-why-he-quit-piggybank-wallet-launch-failure-ddos-attacks/>.

¹¹⁵ *Id.*

1 frustration at the amount of work that he was supposed to do at the Company and,
 2 in particular, with respect to the SafeMoon wallet. In response to a question on
 3 whether he left because it was too much work for him, Wyatt stated that he had been
 4 “dedicating all of his time at SafeMoon and didn’t want to do it anymore. I had done
 5 it for six months. That was enough for [him].” Later in the interview, Wyatt said
 6 that he “felt undervalued” by the Company.¹¹⁶

7 151. Wyatt disclosed that, while he was paid a salary from the Company, he
 8 was not given any severance upon his departure. He also claims to have relinquished
 9 all of his intellectual property right to the work he did while at the Company.

10 152. Wyatt admitted that he sold a “decent amount” of his SAFEMOON
 11 Tokens “120 something days ago.” He further disclosed that he did not gain his
 12 SAFEMOON Token holdings from working at the Company, but rather that he
 13 acquired them through his own money and being “gifted some Safemoon from
 14 friends.” With the interview taking place on or about September 30, 2021, this
 15 would place Wyatt’s SAFEMOON Tokens sales around late May/early June of
 16 2021. As the following chart show,¹¹⁷ this would be around the same time that the
 17 price of SAFEMON Tokens was rebounding briefly before plunging down further:

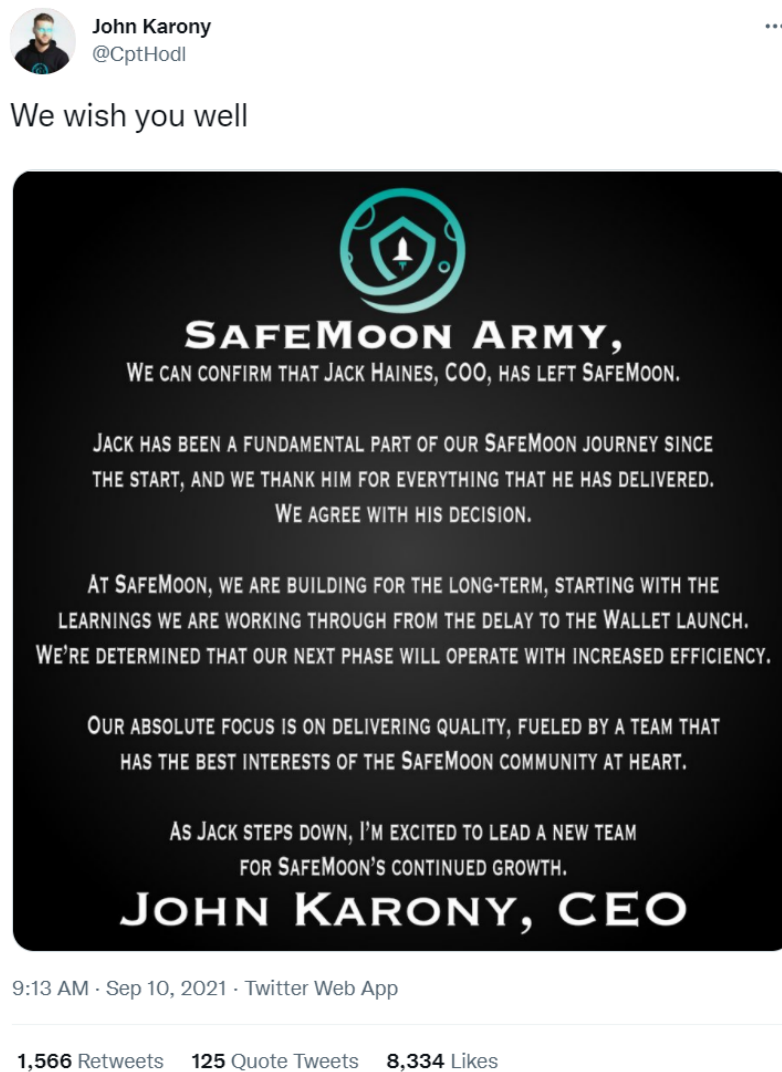


116 *Id.*

117 <https://coinmarketcap.com/currencies/safemoon/> (last visited Feb. 16, 2022).

153. Upon information and belief, Wyatt knew or should have known that the SafeMoon wallet launch would not be occurring within the timeframe the Company announced and because of this, sold his SAFEMOON Tokens to unsuspecting investors before the further delays for the wallet launch were uncovered and the price of the SAFEMOON Tokens took a corresponding hit.

154. The day after Wyatt announced his resignation, on September 10, 2021, the Company released the following announcement¹¹⁸ that Haines-Davies was also stepping down from his position as COO and would be leaving SafeMoon:



¹¹⁸ Karony (@CptHodl), Twitter (Sept. 10, 2021), <https://t.co/7Cz562GkgC>: “We wish you well.”

155. The cryptocurrency news blogs speculated that, because the Company did not give any details as to the circumstances behind Defendant Haines-Davies' departure and given the time of his resignation, the reason Haines-Davies left the Company was due to its failure to deliver the SafeMoon wallet on the promised schedule.¹¹⁹ Haines-Davies' Twitter profile timeline appears to confirm this. On August 30, 2021, Haines-Davies reposted the Company's wallet update message regarding the "hold up" with delivering the wallet when promised. Haines-Davies' next post was his September 10, 2021 announcement that he was leaving the Company.¹²⁰ In that post, Haines-Davies stressed that he needed to "remove" himself from "toxic environments."

156. An article in the International Business Times titled *SafeMoon Developers Flee at Slightest Sign of Trouble, Top Honchos Resign over Wallet Fiasco* questions Defendant Haines for "flee[ing] at the slightest trouble instead of working towards correcting the missteps of SafeMoon" and whether he "was unable to handle work pressure for just six months as the COO of SafeMoon. . . ."¹²¹ The article further observed:

When a company fails to deliver on a product and announces "technical issues" hours before the release while marketing the same product on billboards for weeks using investors money; the top heads are most likely asked to resign and the same has happened with SafeMoon.

¹¹⁹ *Jack Haines, COO and Co-founder of SafeMoon Dumped the Project*, NaijaBlog (Sept. 10, 2021), <https://naijablog.ng/2021/09/10/jack-haines-coo-and-co-founder-of-safemoon-dumped-the-project/>.

¹²⁰ Haines-Davies (@jackhainesuk), Twitter (Sept. 10, 2021): "Dear #SAFEMOON <https://t.co/eU64JoF9cI>" / Twitter.

¹²¹ Vinod Dsouza, *SafeMoon Developers Flee at Slightest Sign of Trouble, Top Honchos Resign over Wallet Fiasco*, INTERNATIONAL BUSINESS TIMES (Nov. 8, 2021), <https://www.ibtimes.sg/safemoon-developers-flee-slightest-sign-trouble-top-honchos-resign-over-wallet-fiasco-60161>.

1 Along with Haines, Wyatt, a software engineer of the company, also
2 resigned the same day.¹²²

3 157. The price of the SAFEMOON Tokens dropped after this
4 announcement, going from a close of \$0.000000153 on September 9, 2021 to the
5 low for the day of \$0.00000119 on September 10, 2021.

6 158. In the wake of Haines-Davies' departure, other executives at the
7 Company left under similar circumstances.

8 159. For example, on November 5, 2021, the Company's Chief Blockchain
9 Officer, Thomas Smith, issued a statement on his personal Twitter account: "Bullish
10 on the team, I love working @safemoon."¹²³ Karony publicly replied to this message
11 with a GIF image signifying agreement and the power of brotherhood.¹²⁴ Just under
12 three weeks later, Karony announced that Smith was leaving the Company.¹²⁵

13 160. On November 22, 2021, the Company's official Twitter account
14 promoted the We're All Gonna Make It coin" ("WAGMI") – a highly speculative
15 digital asset (similar to Dogecoin) that was trending at the time.¹²⁶


16 161. Way again promoted SafeMoon's activities, warning investors:
17 "Safemoon just tweeted about WAGMI. Don't miss the rocket."¹²⁷

18
19 ¹²² *Id.*

20 ¹²³ Thomas (@papacthulu), Twitter (Nov. 5, 2021), <https://twitter.com/papacthulu/status/1456818387322036230?s=20&t=G-394qt2e5FNZ9F6fecquw>:
21 "Bullish on the team, I love working at @safemoon."

22 ¹²⁴ Karony (@CptHodl), Twitter (Nov. 5, 2021), <https://t.co/96OYsVD1TJ>.

23 ¹²⁵ Karony (@CptHodl), Twitter (Nov. 23, 2021),
24 <https://twitter.com/CptHodl/status/1463150393160990725?s=20&t=trjCS8pVW1C-M1f6iksEqw>.

25 ¹²⁶ @SafeMoon 2.0 , Twitter (Nov. 22, 2021),
26 https://twitter.com/safemoon/status/1461460219251380229?s=20&t=mwc81B1H_z3uloVjS68mcw: "WAGMI."
27

28 ¹²⁷ Way (@souljaboy), Twitter (Nov. 22, 2021), <https://twitter.com/souljaboy/status/1462956016388083713?lang=en>.

1 162. In the following weeks, the price and trading volume of the
2 SAFEMOON Tokens continued to fall despite the efforts of Defendants, eventually
3 reaching its low point of December 31, 2021.

4 **The Dump – SAFEMOON Token Price Plummet**

5 163. Following the SAFEMOON Token’s launch and Defendants’
6 promotional activities beginning in March 2021, the trading volume and price of
7 SafeMoon surged. By April 20, 2021, SAFEMOON Tokens already had a
8 transaction volume of over \$144 million, up approximately 1,747% in just over a
9 month. That same day, the SAFEMOON Token reached its maximum price of
10 \$0.000011, *which represents a rise of approximately 2,749,900% more than its*
11 *initial launch price* of \$0.0000000004.

12 164. However, this astronomical rise was short-lived. After the
13 SAFEMOON Token price and trading volume spiked following the launch,
14 Defendants began the “slow rug pull” on investors. This term refers to a situation in
15 the cryptocurrency sector where the developers and insiders of a token deceive
16 investors by encouraging them to purchase the token with promises of future
17 success, while, at the same time, slowly selling off their own holdings as the trading
18 volume from retail investors remains inflated.

19 165. On December 31, 2021, the price of the SAFEMOON Token hit a low
20 of \$0.0000006521 per token, an over 80% drop from its height during the Class
21 Period, which it has not been able to recover. As of the filing of this Complaint, the
22 trading volume for the SAFEMOON Token has plummeted to around only
23 \$60,000.¹²⁸

24 166. The Promoter Defendants’ improper promotional activities generated
25 the trading volume needed for all the Defendants to offload their SAFEMOON
26 Tokens onto unsuspecting investors. While Plaintiffs and Class members were
27

28 ¹²⁸ See fn. 59, *supra*.

1 buying the inappropriately promoted SAFEMOON Tokens, Defendants were able
2 to, and did, sell their SAFEMOON Tokens during the Class Period for substantial
3 profits.

4 167. The SAFEMOON Token price still has not recovered and trading
5 volume remains down, significantly. Furthermore, as of the filing of this Action, the
6 SafeMoon exchange still does not exist despite representations that it would be
7 finished by the fourth quarter of 2021.

8 **CLASS ALLEGATIONS**

9 168. Plaintiffs bring this action, individually, and on behalf of a nationwide
10 class, pursuant to Federal Rules of Civil Procedure 23(a), 23(b)(2), and/or 23(b)(3),
11 defined as follows:

12 All persons who, during the Class Period, purchased SafeMoon's
13 SAFEMOON Tokens and were subsequently damaged thereby.

14 169. The Class Period is defined as the period between March 8, 2021 and
15 the date of this filing.¹²⁹

16 170. Excluded from the Class are: (a) Defendants; (b) Defendants' affiliates,
17 agents, employees, officers and directors; (c) Plaintiffs' counsel and Defendants'
18 counsel; and (d) the judge assigned to this matter, the judge's staff, and any member
19 of the judge's immediate family. Plaintiffs reserve the right to modify, change, or
20 expand the various class definitions set forth above, based on discovery and further
21 investigation.

22 171. **Numerosity**: Upon information and belief, the Class is so numerous
23 that joinder of all members is impracticable. While the exact number and identity
24 of individual members of the Class is currently unknown, such information being in
25 the sole possession of SafeMoon and/or third parties and obtainable by Plaintiffs
26 only through the discovery process, Plaintiffs believe, and on that basis allege, that

27 _____
28 ¹²⁹ Plaintiffs reserve the right to expand or amend the Class Period based on
discovery produced in this matter.

the Class consists of at least hundreds of people. The number of Class members can be determined based on SafeMoon's and other third party's records.

172. **Commonality**: Common questions of law and fact exist as to all members of the Class. These questions predominate over questions affecting individual Class members. These common legal and factual questions include, but are not limited to:

- a. whether Defendants improperly and misleadingly marketed SAFEMOON Tokens;
- b. whether Defendants' conduct violates the state consumer protection statutes asserted herein;
- c. whether Promoter Defendants aided and abetted violations of the state consumer protection statutes asserted herein;
- d. whether Executive Defendants conspired to artificially inflate the price of the SAFEMOON Tokens and then sell their SAFEMOON Tokens to unsuspecting investors;
- e. whether Defendants have been unjustly and wrongfully enriched as a result of their conduct;
- f. whether the proceeds that Defendants obtained as a result of the sale of SAFEMOON Tokens, rightfully belongs to Plaintiffs and Class members;
- g. whether Defendants should be required to return money they received as a result of the sale of SAFEMOON Tokens to Plaintiffs and Class members;
- h. whether Executive Defendants breached the implied covenant of good faith and fair dealing; and
- i. whether Plaintiffs and Class members have suffered damages, and, if so, the nature and extent of those damages.

1 173. **Typicality**: Plaintiffs have the same interest in this matter as all Class
2 members, and Plaintiffs' claims arise out of the same set of facts and conduct as the
3 claims of all Class members. Plaintiffs' and Class members' claims all arise out of
4 SafeMoon's uniform misrepresentations, omissions, and unlawful, unfair, and
5 deceptive acts and practices related to the sale of SAFEMOON Tokens.

6 174. **Adequacy**: Plaintiffs have no interest that conflicts with the interests of
7 the Class and are committed to pursuing this action vigorously. Plaintiffs have
8 retained counsel competent and experienced in complex consumer class action
9 litigation. Accordingly, Plaintiffs and their counsel will fairly and adequately
10 protect the interests of the Class.

11 175. **Superiority**: A class action is superior to all other available means of
12 fair and efficient adjudication of the claims of Plaintiffs and members of the Class.
13 The injury suffered by each individual Class member is relatively small compared
14 to the burden and expense of individual prosecution of the complex and extensive
15 litigation necessitated by the Company's conduct. It would be virtually impossible
16 for individual Class members to effectively redress the wrongs done to them. Even
17 if Class members could afford individualized litigation, the court system could not.
18 Individualized litigation would increase delay and expense to all parties, and to the
19 court system, because of the complex legal and factual issues of this case.
20 Individualized rulings and judgments could result in inconsistent relief for similarly
21 situated individuals. By contrast, the class action device presents far fewer
22 management difficulties, and provides the benefits of single adjudication, economy
23 of scale, and comprehensive supervision by a single court.

24 176. Defendants have acted or refused to act on grounds generally applicable
25 to the Class, thereby making appropriate final injunctive relief and corresponding
26 declaratory relief with respect to the Class as a whole.

CALIFORNIA LAW APPLIES TO THE ENTIRE CLASS

177. California's substantive laws apply to every member of the Class, regardless of where in the United States the Class members reside.

178. California's substantive laws may be constitutionally applied to the claims of Plaintiffs and the Class under the Due Process Clause, 14th Amend. §1, and the Full Faith and Credit Clause, Art. IV §1, of the U.S. Constitution. California has significant contact, or significant aggregation of contacts, to the claims asserted by Plaintiffs and all Class members, thereby creating state interests that ensure that the choice of California state law is not arbitrary or unfair.

179. Two of the Executive Defendants (Witriol and Arriaga) primarily reside in and operate out of California. In particular, upon information and belief, all of the promotional activities of Witriol and Arriaga on behalf of SafeMoon described above originated in, and were disseminated from, California. Additionally, Arriaga developed the Company's wallet – which, as discussed in further detail above, was the subject of numerous misleading statements from all of the Executive Defendants – entirely in California. Relatedly, Witriol directly promoted SAFEMOON Tokens specifically to investors in California.

180. On information and belief, the decision-making regarding the parameters of the marketing strategy for the SAFEMOON Tokens occurred in, and/or emanated from California, where Witriol and Arriaga are located. As such, the conduct complained of herein emanated from California. This conduct similarly injured and affected Plaintiffs and all other Class members.

181. Additionally, several of the Promotor Defendants reside in, or operate out of California. In particular, Paul and Way reside in Calabasas and Los Angeles, respectively. Upon information and belief, the misleading statements alleged herein and published on various social media platforms by Paul and Way emanated from California.

182. The application of California laws to the Class is also appropriate under California's choice of law rules because California has significant contacts to the claims of Plaintiffs and the proposed Class, and California has a greater interest in applying its laws here than any other interested state.

FIRST CAUSE OF ACTION

**Violation of the California Unfair Competition Law
Cal. Bus. & Prof. Code §17200
(Against All Defendants)**

183. Plaintiffs restate and reallege all preceding allegations above as if fully set forth herein.

184. Plaintiffs Merewhuader and Polite are residents of the State of California.

185. At all relevant times there was in full force and effect the California Unfair Competition Law (“UCL”), Cal. Bus. & Prof. Code §17200, *et seq.*, which prohibits, *inter alia*, “any unlawful, unfair, or fraudulent business act or practice” and “unfair, deceptive, untrue, or misleading advertising.”

186. SafeMoon also engaged in business acts and practices deemed “unfair” under the UCL, because of the conduct, statements, and omissions described above. Unfair acts under the UCL have been interpreted using different tests, including: (1) whether the public policy which is a predicate to a consumer unfair competition action under the unfair prong of the UCL is tethered to specific constitutional, statutory, or regulatory provisions; (2) whether the gravity of the harm to the consumer caused by the challenged business practice outweighs the utility of the defendant’s conduct; and (3) whether the consumer injury is substantial, not outweighed by any countervailing benefits to consumers or competition, and is an injury that consumers themselves could not reasonably have avoided. Defendants’ conduct is unfair under each of these tests.

187. As a direct and proximate result of Defendants' unlawful, unfair, and deceptive practices, Plaintiffs and Class members suffered damages. The Executive

Defendants' activities with the Promoter Defendants caused Plaintiffs and the Class members to purchase and/or hold the SAFEMOON Tokens when they otherwise would not have done so.

188. Plaintiffs seek to enjoin further unlawful, unfair, and/or fraudulent acts or practices by SafeMoon, to obtain restitution and disgorgement of all monies generated as a result of such practices, and for all other relief allowed under Cal. Bus. & Prof. Code §17200.

SECOND CAUSE OF ACTION

Violation of the California Consumers Legal Remedies Act Cal. Civil Code §1770 (Against All Defendants)

189. Plaintiffs restate and reallege all preceding allegations above as if fully set forth herein.

190. Plaintiffs Merewhuader and Polite are residents of the State of California.

191. At all relevant times there was in full force and effect Cal. Civil §1770, which prohibits, *inter alia*, various methods of “unfair or deceptive acts or practices undertaken by any person in a transaction intended to result or that results in the sale or lease of goods or services to any consumer,” including, but not limited to, “[m]isrepresenting the affiliation, connection, or association with, or certification by, another” and “[r]epresenting that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have.” Cal. Civil Code §1770(a)(3) & (5).

192. Defendants engaged in business acts and practices deemed “deceptive” because of the conduct, statements, and omissions described above, including, but not limited to, the following:

- (a) knowingly and intentionally concealing the Executive Defendants' specific roles and ownership interests in SafeMoon;

1 (b) knowingly and misleading making statements around the
 2 availability and functionality of the SafeMoon wallet when they
 3 knew or should have known that the wallet feature would not be
 4 ready for the scheduled launch;

5 (c) knowingly and misleading making statements regarding the
 6 security of the Company's liquidity pools for the SAFEMOON
 7 Tokens when they knew or should have known that the liquidity
 8 pools were designed in a way that allowed for the possibility of
 9 the liquidity pool being drained by Defendants or other bad
 10 actors; and

11 (d) knowingly and intentionally using and/or failing to disclose the
 12 use of the Promoter Defendants to instill trust in uninformed
 13 investors to promote the financial benefits of a highly speculative
 14 and risky investment in SAFEMOON Tokens, in an effort to
 15 manipulate and artificially inflate the price and trading volume
 16 of the SAFEMOON tokens and allow Defendants to sell their
 17 SAFEMOON Tokens at those inflated prices.

18 193. As a direct and proximate result of Defendants' unlawful, unfair, and
 19 deceptive practices, Plaintiffs and Class members suffered damages. The Executive
 20 Defendants' activities with the Promoter Defendants caused Plaintiffs and the Class
 21 members to purchase and/or hold SAFEMOON Tokens when they otherwise would
 22 not have done so.

23 194. Plaintiffs seek to enjoin further unlawful, unfair, and/or fraudulent acts
 24 or practices by Defendants, to obtain restitution and disgorgement of all monies
 25 generated as a result of such practices, and for all other relief allowed under Cal.
 26 Civil Code §1780.

27 195. Plaintiffs additionally seek punitive damages under Cal. Civil Code
 28 §1770(a)(4).

1 202. The Promoter Defendants have previous knowledge and experience
2 with making misleading promotional statements (with Defendant Mayweather
3 having nearly an identical experience with a previous fraudulent cryptocurrency
4 promotion), and, as such, knew or should have known that the marketing strategy
5 employed by the Executive Defendants for the SAFEMOON Tokens was unlawful,
6 deceitful, fraudulent, and/or violated the terms of the California, Florida, and New
7 York state statutes described in this Complaint.

8 203. By promoting the SAFEMOON Tokens on their social media platforms
9 and through their reported conduct, the Promoter Defendants provided assistance
10 that was a substantial factor causing the SAFEMOON Token price to both surge and
11 do so long enough to allow all Defendants to sell their SAFEMOON Tokens for
12 huge profits at the expense of their followers and investors. Without the help of the
13 Promoter Defendants' activities, the Executive Defendants would have been unable
14 to use the misleading marketing strategy devised by Haines-Davies, Arriaga, and
15 Witriol, and Defendants would not have been able to commit the violations of
16 California state consumer protection statutes alleged herein.

17 204. As a direct and proximate result of Promoter Defendants' unlawful,
18 unfair, and deceptive practices, Plaintiffs and Class members suffered damages. The
19 Executive Defendants' activities with the Promoter Defendants caused Plaintiffs and
20 the Class members to purchase and/or hold the SAFEMOON Tokens when they
21 otherwise would not have done so.

22 205. Plaintiffs seek to enjoin further unlawful, unfair, and/or fraudulent acts
23 or practices by SafeMoon, to obtain monetary damages, restitution and disgorgement
24 of all monies generated as a result of such practices, and for all other relief allowed
25 under California law.

FOURTH CAUSE OF ACTION

**Violation of Illinois' Consumer Protection and Deceptive Trade Practices Act
815 Ill. Comp. Stat. 505/1, *et seq.*
(Against All Defendants)**

206. Plaintiffs restate and reallege all preceding allegations above as if fully set forth herein.

207. Plaintiff Viane is a resident of the State of Illinois.

208. In Illinois, the Consumer Fraud and Deceptive Business Practices Act, 815 Ill. Comp. Stat. 505/1, *et seq.*, prohibits “unfair methods of competition and unfair or deceptive acts or practices, including but not limited to the use or employment of any deception, fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of any material fact, with intent that others rely upon the concealment, suppression or omission of such material fact or the use or employment of any practice described in Section 2 of the ‘Uniform Deceptive Trade Practices Act’”

209. Plaintiffs and the Class members were injured by Defendants’ deceptive misrepresentations, concealments and omissions and these misrepresentations, concealments and omissions were material and deceived Plaintiffs and the Class. Because Plaintiffs and Class members relied on Defendants’ misrepresentations, concealments, and omissions when purchasing Defendants’ SAFEMOON Tokens, they were injured at the time of purchase.

210. For the reasons discussed herein, Defendants violated and continued to violate Section 510/2(a) of the Illinois Uniform Deceptive Trade Practices Act by engaging in the unfair or deceptive acts or practices described herein. Defendants’ acts and practices, including their material omissions, described herein, were likely to, and did in fact, deceive and mislead members of the public, including consumers acting reasonably under the circumstances, to their detriment. Defendants engaged in deceptive acts and practices under Illinois law by taking advantage of the lack of

1 knowledge, ability, experience, or capacity of Plaintiffs to a grossly unfair degree,
2 including but not limited to, in the following ways:

- 3 (a) knowingly and intentionally concealing the Executive Defendants'
4 specific roles and ownership interests in SafeMoon;
- 5 (b) knowingly and misleading making statements around the availability
6 and functionality of the SafeMoon wallet when they knew or should
7 have known that the wallet feature would not be ready for the scheduled
8 launch;
- 9 (c) knowingly and misleading making statements regarding the security of
10 the Company's liquidity pools for the SAFEMOON Tokens when they
11 knew or should have known that the liquidity pools were designed in a
12 way that allowed for the possibility of the liquidity pool being drained
13 by Defendants or other bad actors; and
- 14 (d) knowingly and intentionally using and/or failing to disclose the use of
15 the Promotor Defendants to "instill trust" in uninformed investors to
16 promote the financial benefits of a highly speculative and risky
17 investment in SAFEMOON Tokens, in an effort to manipulate and
18 artificially inflate the price and trading volume of the SAFEMOON
19 tokens and allow Defendants to sell their SAFEMOON Tokens at those
20 inflated prices.

21 211. As a direct and proximate result of Defendants' unfair and deceptive
22 practices, Plaintiffs and Class members suffered damages. Defendants' activities
23 caused Plaintiffs and the Class members to purchase and/or retain SAFEMOON
24 Tokens when they otherwise would not have done so.

25 212. Defendants' deceptive acts occurred in a course of conduct involving
26 trade and commerce in Illinois and throughout the United States.

27 213. Defendants intended that Plaintiffs and all Class members would rely
28 on their deceptive acts when purchasing the SAFEMOON Tokens.

